

THE WORK OPPORTUNITY TAX CREDIT PROGRAM & HOW IT WORKS FOR YOU

WHAT IS THE WORK OPPORTUNITY TAX CREDIT (WOTC) PROGRAM?

It is a cost-effective incentive for employers to hire members of certain groups who traditionally have had difficulty obtaining and holding jobs.

HOW MUCH IS THE CREDIT?

The employer can claim 40% of all wages paid up to \$6,000 for employees working 400 hours or more or the employer can claim 25% of all wages paid if the employee works for the minimum of 120 hours.

Maximum credit is \$2,400 per employee (except Summer Youth).

WHO CAN TAKE ADVANTAGE OF THE CREDIT?

All businesses who are subject to Federal Income Tax Law qualify.

WHAT ARE THE 9 TARGET GROUPS?

1. **Long-term Family Assistance Recipient**--A member of a family that received Temporary Assistance for Needy Families (TANF) for at least 18 consecutive months ending on the hiring date, or a member of a family whose TANF eligibility expired under federal or state law after August 5, 1997, or whose family received TANF for at least 18 months after August 5, 1997. See "Welfare-To-Work Tax Credit".

2. **Other Family Assistance Recipient**--A member of a family that received TANF for any 9-month period of the 18 months ending on the hiring date.

3. **Veteran**--A veteran and a member of a family that received food stamps for at least a 3-month period during the 15 months ending on date of hire.

4. **18-24 Year-Old Food Stamp Recipient**--A member of a family that received food stamps for at least the last 6 months ending on the hiring date, or for at least 3 of the 5 months ending on date of hire in case of a family member who ceases to be eligible for such public assistance.

5. **18-24 Year-Old EZ/EC/RC Resident**--An individual who lives in a federally designated Empowerment Zone, Enterprise Community or Renewal Community. *

6. **16-17 Year-Old EZ/EC/RC* Resident**--An individual hired as a Summer Youth employee between May 1 and September 15.

7. **Vocational Rehabilitation Referral**--Disabled individual who completed or is completing rehabilitative services approved by a State certified agency or the U.S. Dept. of Veteran's Affairs.

8. **Ex-felon**--An individual convicted of a felony and is a member of a low-income family; hired within one year of conviction date or release from prison.

9. **SSI Recipient**--An individual who received Supplemental Security Income benefits for any month during the 60 days ending on date of hire.

* For information about ER/EC/RCs, visit their Website at <http://www.hud.gov> or call: 1-800-998-9999.

WELFARE-TO-WORK TAX CREDIT

This credit is effective for individuals beginning work after January 1, 1998. This is for long-term Family Assistance Recipients.

For this Credit, the employer can claim 35% of qualifying first-year wages and 50% of qualifying second-year wages, up to \$10,000 of wages paid.

These employees must work at least 400 hours per year before the employer is eligible to claim the Welfare-To-Work Credit. The process and the forms are the same as they are for WOTC.

WHAT FORMS SHOULD YOU USE?

Employers use IRS Form 8850 **WOTC PRE-SCREENING NOTICE AND CERTIFICATION REQUEST** to pre-screen applicants for the program and U.S. Dept. Of Labor, Form 9061 **INDIVIDUAL CHARACTERISTICS FORM**.

HOW IS THE CREDIT OBTAINED?

The employer must request Certification in writing for each employee. This is done by: Completing a WOTC **PRE-SCREENING NOTICE** on or before the day the job offer is made and sending it to NHES **no later than 21 days after the start work date**. Employers must also complete an **INDIVIDUAL CHARACTERISTICS FORM** and submit it with supporting documentation for the target group chosen.

HOW IS THE CREDIT TAKEN?

After a review of the forms by the WOTC Certifying Unit, if the employee is found eligible, a Certification will be issued for that employee. IRS Form 5884 is used to file for the Credit.

**MAIL WOTC REQUESTS
FOR CERTIFICATION TO:**

NH Employment Security
WOTC Certifying Unit - Operations
32 South Main Street
Concord NH 03301-4857

FOR MORE INFORMATION & FORMS

Call the WOTC Unit at (603) 228-4079,
or write to the address above. Informa-
tion and forms are available on the
Internet at **www.nhes.state.nh.us**
and

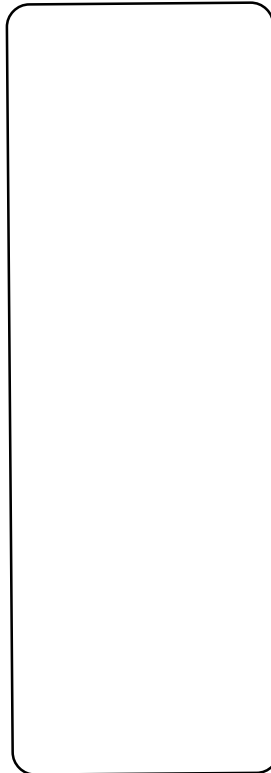
http://www.irs.ustreas.gov

Employers may also request Form 8850
by calling 1-800-829-3676 or both 8850 and
Form 9061 by using the Fax-On-Demand
Service by calling 1-877-828-2050 from a
FAX machine.

WOTC...WHAT DOES IT MEAN TO YOU?

The Work Opportunity Tax Credit Pro-
gram offers employers a direct economic
incentive to hire and retain persons of cer-
tain targeted groups.

The Work Opportunity Tax Credit Pro-
gram can substantially reduce the amount
of Federal Taxes the employer must pay.



NH Employment Security
WOTC Certifying Unit--
Operations
32 South Main Street
Concord New Hampshire 03301-4857
ADDRESS SERVICE REQUESTED

**EMPLOYERS . . . IT PAYS
TO HIRE THROUGH**

**The Work Opportunity Tax
Credit (WOTC) Program**

Employment
SECURITY

*NHES is a proud member of America's Workforce Network
and NH WORKS.*

*NH Employment Security is an Equal Opportunity Employer
and complies with the Americans with Disabilities Act.*

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